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EXTRAORDINARY

PART II—Section 3

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MINISTRY OF FINANCE
(Department of Economic Affairs)

ORDER

New Delhi, the 11th December 1956

S.R.O. 2993.—Whereas it has been made to appear to the Central Government that

- (1) a large number of companies and some firms were promoted, and/or controlled by Sarvashri Ramkrishna Dalmia, Jaidayal Dalmia, Shanti Prasad Jain, Sriyans Prasad Jain, Shital Prasad Jain or some one or more of them and by others being either relatives or employees of the said person or persons, closely connected with the said persons;
- (2) large amounts were subscribed by the investing public in the shares of some of these companies;
- (3) there have been gross irregularities (which may in several respects and materials amount to illegalities) in the management of such companies including manipulation of the accounts and unjustified transfers and use of funds and assets;
- (4) the moneys subscribed by the investing public were in a considerable measure used not in the interests of the companies concerned but contrary to their interest and for the ultimate personal benefit of those in control and/or management; and
- (5) the investing public have as a result suffered considerable losses,

And whereas the Central Government is of the opinion that there should be a full inquiry into these matters which are of definite public importance both by reason of the grave consequences which appear to have ensued to the investing public and also to determine such measures as may be deemed necessary in order to prevent a recurrence thereof.

Now, therefore, in exercise of the powers conferred by Section 3 of the Commissions of Inquiry Act (No. 60 of 1952), the Central Government hereby appoints a Commission of Inquiry consisting of the following persons, namely:

Shri Justice S. R. Tendolkar, Judge of the High Court at Bombay—
Chairman.

Shri N. R. Mody of Messrs. A. F. Ferguson and Co., Chartered Accountants—
Member.

Shri S. C. Chaudhuri, Commissioner of Income-tax—Member.

1. The Commission shall inquire into and report on and in respect of:

- (1) The administration of the affairs of the companies specified in the schedule hereto;

- (2) the administration of the affairs of such other companies and firms as the Commission may during the course of its enquiry find to be companies or firms connected with the companies referred to in the schedule and whose affairs ought to be investigated and inquired into in connection with or arising out of the inquiry into the affairs of the companies specified in the schedule hereto;
- (3) the nature and extent of the control, direct and indirect exercised over such companies and firms or any of them by the aforesaid Sarvashri Ramkrishna Dalmia, Jaldyal Dalmia, Shanti Prasad Jain, Sriyans Prasad Jain, their relatives, employees and persons connected with them;
- (4) the total amount of the subscription obtained from the investing public and the amount subscribed by the aforesaid persons and the extent to which the funds and assets thus obtained or acquired were misused, misapplied or misappropriated;
- (5) the extent and nature of the investments by and/or loans to and/or the use of the funds or assets by and transfer of funds between the companies aforesaid;
- (6) the consequences or results of such investments, loans transfers and/or use of funds and assets;
- (7) the reasons or motives of such investments, loans transfers and use and whether there was any justification for the same and whether the same were made *bona fide* in the interests of the companies concerned;
- (8) the extent of the losses suffered by the investing public, how far the losses were avoidable and what steps were taken by those in control and/or management to avoid the losses;
- (9) the nature and extent, of the personal gains made by any person or persons or any group or groups of persons whether herein named or not by reason of or through his or their connection with or control over any such company or companies;
- (10) any irregularities, frauds or breaches of trust or action in disregard of honest commercial practices or contravention of any law (except contraventions in respect of which criminal proceedings are pending in a Court of Law) in respect of the companies and firms whose affairs are investigated by the Commission which may come to the knowledge of the Commission and the action which in the opinion of the Commission should be taken as and by way of securing redress or punishment or to act as a preventive in future cases;
- (11) the measures which in the opinion of the Commission are necessary in order to ensure in the future the due and proper administration of the funds and assets of companies and firms in the interests of the investing public.

SCHEDULE

1. Dalmia Jain Airways Ltd.
2. Dalmia Jain Aviation Ltd. (now known as Asia Udyog Ltd.).
3. Lahore Electric Supply Company Ltd. (now known as South Asi. Industries Ltd.).
4. Sir Shapurji Broacha Mills Ltd.
5. Madhowji Dharamsi Manufacturing Company Ltd.
6. Allenberry & Co. Ltd.
7. Bharat Union Agencies Ltd.
8. Dalmia Cement and Paper Marketing Company Ltd. (now known as Delhi Glass Works Ltd.).
9. Vastra Vyavasaya Ltd.

Ordered that the Order be published in the *Gazette of India* for public information.

[No. F.107(18)-INS/56.]

H. M. PATEL, Secy.